



Addressing Manufacturing

We have taken a fundamentally different approach to comprehensive energy and climate legislation. We have carefully crafted legislation that addresses the concerns of American businesses.

For manufacturing, we believe this legislation offers enormous potential. In the near-term, the tens of billions of dollars of additional investment in building new power plants and updating existing infrastructure offer vast opportunities for manufacturing -- especially steel and cement production. In the long-term, with a price on carbon, we can ensure American global leadership in clean energy sectors like electric vehicles. By ensuring a smooth transition into our clean energy future, we maximize job creation potential.

We have worked closely with our colleagues from manufacturing states to help capture these opportunities and have developed a three-phased approach:

1. **A delayed start.** In order to maximize the opportunity for new technologies to be developed and deployed and for investments in energy efficiency to take hold, we delay the entry of industrial sources into our national pollution reduction plan until 2016. Before 2016, we provide transition assistance to protect our industries from potential increases in energy prices and invest in industrial efficiency.

We provide funding of more than \$20 billion for critical programs, including an immediate \$6 billion for industrial efficiency and clean tech manufacturing, more than \$7 billion for clean vehicle manufacturing, and more than \$7 billion for research and development of new efficiency and competitiveness programs for domestic manufacturers.

2. **Support for direct and indirect costs.** Simply providing more time does not fully address the needs of the manufacturing community. Once covered, we ensure our continued competitiveness by fully offsetting direct compliance costs as well as potential electricity and natural gas rate increases. This assistance is distributed in a way that rewards efficiency investments, makes our manufacturing facilities more competitive, and keeps American jobs here at home.
3. **Long-term protection from international carbon leakage.** Lastly, to achieve our environmental objectives in the event that no global agreement on climate change is reached, we will require imports from countries that have not taken action to limit emissions to pay a comparable amount at the border to avoid carbon leakage or make sure that our producers have the resources they need to discourage leakage and help us achieve our environmental objectives.